

Date of Hearing: April 16, 2013

ASSEMBLY COMMITTEE ON VETERANS AFFAIRS

Al Muratsuchi, Chair

AB 1124 (Muratsuchi) – As Introduced: February 22, 2013

SUBJECT: Medi-Cal: Public Assistance Reporting Information System

SUMMARY: Requires the Department of Health Care Services (DHCS) to utilize the federal Public Assistance and Reporting Information System (PARIS) to identify veterans and their dependents or survivors who are enrolled in the Medi-Cal program and assist them in obtaining federal veterans' health care benefits statewide instead of as a two-year pilot program in three counties. Specifically, this bill:

- 1) Requires DHCS to exchange information with PARIS and identify veterans and their dependents or survivors who are receiving Medi-Cal benefits.
- 2) Requires DHCS to refer identified Medi-Cal beneficiaries who are receiving high-cost services, including long-term care (LTC), to county veteran service officers (CVSOs) to obtain information regarding, and assistance in obtaining, United States Department of Veteran's Affairs (USDVA) benefits.
- 3) Requires DHCS to enter into an agreement with the California Department of Veterans Affairs (CDVA) to perform CVSO outreach services in connection with the pilot program and requires the agreement to contain performance standards that would allow DHCS to measure the effectiveness of the pilot program.
- 4) Requires DHCS to enter into any agreements that are required by the federal government to utilize the PARIS system.
- 5) Requires DHCS to perform any information technology activities that are necessary to utilize the PARIS system.
- 6) Authorizes DHCS to implement this bill by means of written directives without taking further regulatory action and provides for an expedited contracting process.
- 7) Repeals provisions relating to a two-year, three county pilot project including the requirement to monitor and evaluate for outcome and savings.
- 8) Includes a blank appropriation from the General Fund (GF) to CDVA to provide funding for CVSOs to identify veterans and their dependents or survivors who are enrolled in the Medi-Cal program and to assist them in obtaining federal veteran health care benefits.

EXISTING LAW:

- 1) Establishes the federal Medicaid Program, Medi-Cal in California, administered by DHCS, to provide comprehensive health care services and LTC to pregnant women, children, and people who are aged, blind, and disabled.

- 2) Establishes, under federal law and regulation the PARIS data matching system to match public assistance recipients in participating states against various state and federal public assistance database.
- 3) Requires DHCS to implement by July 1, 2009 and to administer a two-year, three-county pilot program to utilize the federal PARIS to identify veterans and their dependents or survivors who are enrolled in the Medi-Cal program and assist them in obtaining federal veterans' health care benefits and authorizes DHCS to implement the pilot project statewide if it determines that the pilot is cost effective and continue operation of PARIS indefinitely.
- 4) Establishes CDVA to aid and assist California veterans and their families and to administer the California Veterans Homes.
- 5) Establishes, under federal law, the USDVA, and within it, the Veterans Health Administration (VA), which is responsible for VA medical centers and outpatient clinics.

FISCAL EFFECT: Unknown at this time.

COMMENTS:

- 1) An analysis by the Legislative Analyst's Office (LAO) in 2007 that stated that implementing PARIS could save the state millions of dollars annually in General Fund costs by shifting eligible veterans enrolled in Medi-Cal who might be eligible for the USDVA health care system. According to the LAO Report, 144,000 veterans and dependents on Medi-Cal coverage could be eligible for comprehensive medical care and health services through the USDVA health care system.
- 2) Under federal law, the Medicaid Program is intended to be the payer of last resort, meaning that all other available sources for a beneficiary's provision of care, such as private insurance or other federal programs (such as the VA), must be exhausted before Medi-Cal can provide services. Although county welfare workers are supposed to screen for veterans when processing Medi-Cal applications, a 2005 survey performed by the US Census Bureau indicates that approximately 144,000 veterans in California received Medi-Cal benefits. The LAO estimated the cost of such benefits totals approximately \$500 million (\$250 million General Fund). The LAO further assumed that because approximately 90,000 of the 144,000 veterans served in World War II, the Korean War, and the Vietnam War, they likely fall into the aged and disabled category of beneficiaries. The costs to treat the aged and disabled are generally higher than costs to treat other groups of beneficiaries, such as children. The LAO concluded that if some portion of these veterans received medical services through the VA, the state could potentially save many tens of millions of dollars.
- 3) Participation in the VA health care system provides veterans with access to a wide range of coordinated health care services. Once enrolled in the VA healthcare system, veterans may also have greater access to some medical benefits, such as mental health counseling and treatment for alcohol and substance abuse, than they would have under Medi-Cal. For example, the VA does not place a cap on the cost of dental services or limit the number of days a patient can be hospitalized for inpatient stays on a yearly basis. Unlike Medi-Cal, the VA system does not require that a beneficiary pay down his or her assets until they become

“medically needy” before covering the costs of LTC. The VA also has no requirement for repayment of LTC services as in the Medi-Cal Program.

- 4) As part of the regular Medi-Cal eligibility screening process, workers in county welfare offices are required to ask applicants whether they have served in the armed forces and have veteran’s status. If a county eligibility worker determines that an applicant is a veteran, the eligibility worker has the applicant fill out a form, which is then forwarded to a County Veteran Service Officer (CVSO) where a case worker will contact the VA to determine the benefits to which the applicant is entitled. The referral process is intended to ensure that all possible outside sources of income are obtained and available to help reduce costs to the Medi-Cal Program. Medi-Cal currently reimburses the CVSOs approximately \$800,000 annually for these activities.
- 5) In May 2008, in response to the LAO recommendation, DHCS proposed a two-year pilot program to use PARIS match results to identify veteran Medi-Cal beneficiaries receiving high-cost services in three pilot counties and refer them to the CVSOs. DHCS proposed to use criteria to identify Medi-Cal beneficiaries who are receiving high-cost disability or LTC services in excess of \$2,000 per month or other appropriate dollar threshold. According to DHCS, veterans with a service-connected disability may be eligible for full USDVA coverage and could elect to receive USDVA care in lieu of Medi-Cal. DHCS determined that it would not be effective to designate a high priority on referral of individuals that are only eligible for increased USDVA income benefits. DHCS proposed instead, to focus the pilot program on enrolling high-cost LTC or disabled Medi-Cal beneficiaries in the fully federally funded USDVA system of healthcare. DHCS proposed to seek the highest yield from its investment in CVSO outreach efforts through targeting of these high cost beneficiaries.
- 6) The PARIS-Veterans pilot project was implemented on July 1, 2009. DHCS entered into a memorandum of understanding with the CDVA to operate the PARIS-Veterans pilot program.
- 7) During the two-year reporting period for the pilot, DHCS identified 16,387 veterans who were also enrolled in Medi-Cal. Of the positive data matches, DHCS focused on those beneficiaries who may have had high Medi-Cal expenditures (based on several criteria, including those with a service-connected disability), those who could have veteran benefits restored, and survivors who appeared eligible for the Civilian Health and Medical Program of USDVA. This resulted in 3,933 referrals to CVSOs resulting in approximately 990 contacts, reaching 158 high-cost beneficiaries with both Medi-Cal and USDVA health benefits coverage. Of the 158 beneficiaries, 117 came from San Bernardino, 24 from San Diego, 10 from Fresno, 5 from Sacramento, and 0 from the other 6 counties. Of the 158 individuals, 24 discontinued their Medi-Cal coverage and chose to continue health coverage through USDVA.
- 8) Based on the overall analysis of the pilot, DHCS’ report states it was able to accurately identify veterans who were Medi-Cal beneficiaries and achieved modest success in redirecting utilization to USDVA health benefits. The report states this redirection resulted in \$1.634 million in total cost avoidance and savings for the Medi-Cal program over the two years of the pilot program. DHCS incurred costs of \$150,000, for a net cost avoidance/savings of \$1.484 million.

- 9) In its recommendations, DHCS states the state can continue its current path in redirecting limited resources to maintain the level of effort put forth in the pilot. The state can also consider directing more resources for the pilot, or consider additional or alternative measures to increase utilization of USDVA benefits. By implementing one or more of the following recommendations, DHCS could achieve additional Medi-Cal cost reductions:
- a) Direct more dedicated resources to DHCS, CDVA, and CVSOs to act upon referrals. For the pilot, DHCS temporarily redirected analytical staff to complete PARIS assignments on an as-needed basis. Limitations on project management were a constraint that did not allow for maximum success. Follow-up on the 832 cases identified in the pilot as being enrolled in Medi-Cal and also identified as a veteran would likely identify additional individuals who may choose to shift from Medi-Cal to USDVA benefits. Going forward, dedicated staff resources for DHCS and CDVA to operate PARIS statewide could be considered. DHCS' existing workload does not permit redirection of staff to fully support the functions necessary to operate PARIS to its fullest potential with the same being true for CDVA. As the lead agency for PARIS, DHCS indicates it could explore the possibility of partnering with other assistance programs, such as county General Relief.
  - b) Initiate direct contact between DHCS and beneficiaries. DHCS could consider increasing its presence in the veteran benefit enhancement efforts. For example, DHCS could post information on its website to educate veterans enrolled in Medi-Cal that they may qualify for USDVA health benefits. The website would take the value proposition directly to veterans and explain that using USDVA health benefits may give them more benefits, save them money, improve their care, protect their family's assets, and free up state Medi-Cal benefits for needy non-veterans. DHCS is already developing efforts to add information to their website. In another direct approach, DHCS could send letters to veterans and surviving veteran dependents receiving Medi-Cal explaining USDVA health benefits and how to enroll.
  - c) Assist CVSOs to educate veteran Medi-Cal beneficiaries of the advantages of USDVA health benefits over Medi-Cal. This education could include providing additional opportunities of conveying this information as part of other contacts with local veterans as well as looking at opportunities for CDVA and CVSOs to include information on health care options as part of informational materials that may be provided to veterans.
- 10) DHCS also reviewed best practices from other states in its report. One state of note was Pennsylvania, which participated in PARIS since its inception. Pennsylvania estimated annualized cost avoidance/savings of approximately \$27.8 million from a period covering nine quarters. Pennsylvania worked 40,769 cases, resulting in reducing 4,448 cases from its Medicaid program.

#### PREVIOUS LEGISLATION.

- 1) AB 1223 (Committee on Veterans Affairs) of 2011 would have required the DHCS to utilize the federal PARIS to identify veterans and their dependents or survivors who are enrolled in the Medi-Cal program and assist them in obtaining federal veterans' health care benefits statewide instead of as a two-year pilot program in three counties. Governor Brown vetoed AB 1223 stating that while he supported efforts to inform veterans about the health care options that best meet their needs, current law already requires screening of Medi-Cal beneficiaries for veteran status and allows for expansion of the PARIS data match project beyond the current pilot counties. Rather than requiring the PARIS pilot project to be

implemented statewide, more effort should go into understanding which health care benefits work best for veterans, and how that outreach can be most effective before expending additional resources statewide.

- 2) AB 1568 (Committee on Veterans Affairs) of 2009 would have made PARIS pilot project a permanent, statewide program. AB 1568 was amended into a different subject matter.
- 3) AB 3082 (Committee on Veterans Affairs) of 2008 would have required any state or public assistance agency using PARIS to identify veterans enrolled in the Medi-Cal Program for the purpose of assisting them in obtaining federal health care benefits. Required CDVA to develop a plan for handling data-match information given to a CVSO. AB 3082 died on the Senate Appropriations Suspense File.
- 4) AB 1183 required DHCS to establish a two-year pilot program for the use of PARIS by July 1, 2009, and to report to the Legislature the effectiveness of the program and included authority for DHCS to make PARIS a permanent program if the program was deemed effective.

REGISTERED SUPPORT / OPPOSITION:

Support

American Legion, Department of California  
AMVETS- Department of California  
California Association of County Veterans Service Officers  
California State Commanders Veterans Council  
VFW- Department of California  
Vietnam Veterans of America- California State Council

Opposition

None at this time.

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